Testimony of Stephen G. Rosentel before the Finance, Revenue and Bonding Committee on March 4, 2013 Re: SB 843

Hello my name is Steve Rosentel. I am the President of Leahy's Fuels, a marketer of fuel oil and propane gas located in Danbury for over 96 years. We service and sell heating and hot water systems that run on oil, propane and natural gas and deliver heating fuels to over 13,000 residential and commercial customers.

I am also a long-time board member of the CEMA, formerly known as the ICPA and currently serve as the Vice Chairman of the Board of the Propane Gas Association of New England.

I strongly encourage the committee to modify Section 18 of SB 843 relating to the intended use of $5 million per year from paying the natural gas utilities to reward future customers who contractually promise to use natural gas when its available to using the $500 per customer as a tax credit for the users of any fuel, be it oil propane or natural gas who upgrade their equipment to high efficiency boilers and furnaces for the following reasons:

1) There would be an immediate benefit in that the savings realized by the consumer would start at the time the equipment is installed not at some future date when the gas line is installed which may be several years away.

2) It would increase the effectiveness of the Home Energy Solutions (HES) program because data referenced in the CES indicates that from 2007 through 2011 that only 10% of the homeowners who received services from the HES program actually install some of the recommended "deeper" measures. (page 15 of the CES).

3) It would be consistent with the Governor's statements of not picking winners and losers in the CES.

The CES Appendix Table C5 demonstrates that under one of the three fuel price projections there is negative net present value for conversions to natural gas. In other words - no savings! The impetus in the CES to conversions to natural gas is primarily savings. So while the table states there is a very high sensitivity to lower oil prices, the narrative is heavily driven by the anticipated savings that will result if oil prices only stay high or increase which is the opposite of what the oil futures market tells us today. But if we assume for a minute that the CES narrative is correct, it begs the question of why this incentive is a good use of the state's dollars since homeowners will be anxious to convert to cheaper natural gas. If the CES narrative is wrong and the price advantage is greatly diminished or goes away, as I suspect the utilities are worried about, then the question has to be why did we use state taxpayer dollars to push people to a fossil fuel that doesn't save any money?

Operationally it will be a disaster. What happens when the customer is unable or unwilling the purchase the replacement equipment estimated at $7,500 when the gas line finally comes down the street? Will they get a bill for service anyway like a sewer line expansion? What happens when the house is sold after one owner received the benefit of the credit and moves out before ever connecting? What happens if the new owner has a fear of gas in the house and thought they were buying an oil-heated home? These may be just a few of the reason that to the best of my knowledge, no other state in the US has ever funded a utility giveaway to pay homeowners to commit to being their future customers.

Energy tax credits are simple, can be realized by any CT resident regardless of what street they live on and are consistent with the conservation goals of the CES.

I would be happy to answer any questions.